

Testimony of:



Before the

**U.S. Senate Committee on Commerce, Science, &
Transportation**

November 8, 2017

Chairman Thune, Ranking Member Nelson, and Members of the Committee, thank you for the opportunity to testify.

Witness Biography

My name is Karen Zacharia. I am Verizon's Chief Privacy Officer and I lead the Privacy Office, a centralized department responsible for privacy and data security compliance. My team provides its expertise across the company so that throughout the lifecycle of our products and services we are addressing privacy and data security every step of the way. We maintain and update Verizon's privacy policies, counsel on internal and external privacy principles and requirements, and provide training to employees on existing and new privacy laws and Verizon policies. My office also spends a significant amount of time focusing on core privacy commitments like transparency and choice so that our customers can make meaningful choices when it comes to their personal information.

Verizon/Oath/Yahoo Background

Verizon has a significant and longstanding commitment to protecting and safeguarding consumer data and building trust online. In an increasingly connected world, Verizon recognizes that strong security and consumer trust are prerequisites to compete in the 21st Century digital economy. The very nature of our business has always required that Verizon make data security a top priority.

On July 25, 2016, Verizon announced that it had entered into an agreement to acquire Yahoo's operating business. That acquisition closed on June 13, 2017. Yahoo is now part of a new company formed by Verizon called Oath. Oath consists of more than 50 digital and mobile brands globally, including HuffPost, Yahoo News, Yahoo Sports, Tumblr and AOL.

2013 and 2014 Yahoo Security Incidents

In September and December of 2016, Yahoo announced that certain user data was stolen in two separate incidents in 2013 and 2014. These incidents happened well before Verizon's acquisition of Yahoo.

At the time of the December 2016 announcement, Yahoo disclosed that more than one billion of the approximately three billion accounts existing in 2013 had likely been impacted. After Verizon acquired Yahoo, we obtained new information from a third party and reviewed it with the assistance of the same outside forensic experts that Yahoo had used previously. Based on that review, we concluded that all accounts—and not just a subset—were impacted by the 2013 security incident. Yahoo then provided further individual notices to the impacted users beginning on October 3, 2017—less than a week after we determined the scope of the impacted user accounts.

In addition, the review confirmed that the stolen information did not include Social Security numbers. It also did not include passwords in clear text. And it did not include sensitive financial information like payment card data, or bank account information.

Although Verizon did not own Yahoo's operating business at the time of the 2013 data theft or during Yahoo's incident response, we understand that Yahoo took actions around the time of its announcements to protect its users' accounts. Yahoo required password changes for user accounts where passwords had not been changed since 2014. Yahoo also invalidated unencrypted security questions and answers so that they could not be used to access an account. Yahoo took these actions on user accounts beyond those thought to have been impacted by the security incidents. This means that Yahoo took steps in 2016 to protect all users, including the additional user accounts that had been individually notified in October 2017.

Verizon's Focus Following Acquisition of Yahoo

Proactively enhancing our security is a top priority at Verizon and Oath. We carefully track the evolution of attacks, gather intelligence, and leverage technology advances to make improvements to our systems and to apply more advanced protection to our users' accounts.

As part of integrating Yahoo and AOL into Oath, we are combining two strong, existing security teams. We are examining the practices and tools of each team, and applying the best practices and tools across Oath. We are also in the process of creating an advisory board that will consist of external security experts. This board will provide input to Oath on its overall approach to security.

Security has always been in Verizon's DNA and we remain committed to continuous improvement to meet the security challenges of the future.

Conclusion

At Verizon and Oath, we are laser-focused on the needs of our customers. We know that they expect that their information will be secure. As a result, we go to great lengths to integrate security across our networks, platforms, and products. We are committing substantial resources to defend our company's assets, networks, and customers, including those acquired with the closing of the Yahoo transaction.

With the benefit of Verizon's experience and resources, along with a commitment to the highest level of accountability, Verizon and Oath will continue to strive to stay ahead of an ever-evolving threat landscape.

Thank you again for the opportunity to testify today. I look forward to answering your questions.